

August 23, 2004

## QUOTE OF THE WEEK

*"Tolerance implies a respect for another person, not because he is wrong or even because he is right, but because he is human." --- John Cogley*

*Source: Commonwealth, 24 April 1959*

## UNDER THE DOME

### \*\*\*When Everything Old is New Again\*\*\*

August in Sacramento is a fascinating time. Temperatures are hot and legislators' tempers are even hotter. In that sense, this end-of-session romp is just like every other year's. Legislators and staff are rushed, pressured and harried. There is, though, a sense that this year is different because of our new Governor.

Legislators treat every first-year Governor the same at this time of year. They do not know the new executive's position on every issue, so they send a variety of bills intended to force the Governor into public positions. Then, they can use the Governor's veto messages to mold new legislation the next year.

Given that dynamic, Governor Schwarzenegger is in a unique position to teach legislators a lesson. With the time crunch and political pressures that amass during end-of-session, the practice of "gutting and amending" happens all too often. Bills that have spent one-to-two years being about transportation, for example, are suddenly rewritten to change education policy. The new bill language gets no public hearing and has inadequate review. (I remember 20 years ago when language to build a high-speed train from San Diego to San Francisco was inserted into a gutted bill. The version that passed included a line exempting the project from the California Environmental Quality Act. Clearly, not an adequately vetted law, and I say that as someone who does not even like most of CEQA's requirements!) Governor Schwarzenegger says he will veto all such "gutted and amended" bills and I hope he sticks to it.

### \*\*\*Travails at the Senate Desk\*\*\*

Though solid numbers have not been tabulated yet, the very seasoned Senate desk staff tells me that the volume of "gut and amends" is much higher this year. I hear from veteran staffers throughout the capitol that this year is more disheveled and disorganized than ever before, and this even after two years ago when no one imagined it could get any worse. While I was visiting, I overheard the desk staff answering phone calls from young legislative staffers. They were questions whose answers should have been learned long before the end of session: Q: "How do I amend a bill?", A: "Bring it to the Senate desk."

Q: “Where is the Senate desk?”; A: “On the Senate floor.” Q: “What’s the room number?”; A: “There is no room number; it’s the Senate chambers—the big room.”

The scariest exchange was a legislative staffer wondering what happened after the bill was amended. The Senate desk staff explained that the bill, once passed, would go to the Governor for consideration. The legislator’s young staff replied that such a step would not apply to his boss’s bill because the bill was already “with the Lieutenant Governor.” The staffer could not explain any more, so the Senate desk staff looked up the bill. They found it had been “referred to L.G.”, which is legislative shorthand for the Local Government committee, not the Lt. Governor. I have omitted the names for obvious reasons.

## **TAXING TIMES**

### **\*\*\*Cost of Use Tax\*\*\***

Last year, the Franchise Tax Board included a line on the state personal income tax form where taxpayers could report how much they owed in Use tax. The Use tax is usually collected by the Board of Equalization with big dollars collected on used cars, used planes, and used boats. Businesses almost must pay use taxes on their purchases from non-California based businesses. Going after families for their catalog or Internet purchases from out-of-state businesses is not cost effective and is virtually unenforceable. The first year the Use tax line was included on the FTB form, 20,324 returns (out of a total of 12,527,383) reported Use tax and paid \$1,325,851. The cost to add that line item to the forms and process the receipts was \$1,007,316. The good news is that next year, the BOE will only pay the FTB \$237,000 for their help collecting the Use tax. The bad news is that we are even bothering with that much since our resources would be much better spent enforcing other taxes than nagging individual taxpayers to pay a few bucks for buying on-line.

## **ISSUE FOCUS**

### **\*\*\*Citizenship Test 8\*\*\***

Today’s questions focus on the three branches of our federal government.

35. What is the executive branch of our government?

36. What is the judiciary branch of our government?

37. What are the duties of the Supreme Court?

38. What is the supreme law of the United States?

## **BOE AND LEGISLATIVE DATES**

**August 16-31, 2004** --- Floor sessions only; no committee may meet for any purpose

**August 24, 2004** --- BOE meets in Sacramento

**August 31, 2004** --- Legislature recesses and ends its Session.

**September 8, 2004**--- BOE meets in Sacramento

## **NOTABLE DATES/ HISTORY**

**August 23, 1914** --- Japan declared war on Germany during World War I.

**August 24, 1949** --- North Atlantic Treaty Organization (NATO) was established.

**August 25, 1944** --- After four years of Nazi occupation, Paris was liberated by the Allies during World War II.

**August 25, 1916** --- The U.S. National Park Service was established.

**August 25, 1814** --- The Library of Congress and its 3,000 books was destroyed by British troops.

**August 27, 1984** --- President Reagan announced the Teacher in Space project.

**August 28, 1963** --- Rev. Martin Luther King Jr. delivered his *I Have a Dream* speech before an audience of 250,000 near the Lincoln Memorial in Washington, D.C.

**August 29, 1786** --- Shay's Rebellion began in Springfield, Mass. continuing America's grand tradition of anti-tax actions.

**August 29, 1954** --- San Francisco International Airport (SFO) opened.

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115

TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

## HOW TO CONTACT ME

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